

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

In the Matter of	:	
	:	
	:	
MICHAEL BRESNER	:	
RALPH CALABRO	:	ADMINISTRATIVE PROCEEDING
JASON KONNER and	:	FILE NO. 3-15015
DIMITRIOS KOUTSOUBOS	:	
	:	
Respondents	:	

**ANSWER OF RESPONDENT DIMITRIOS KOUTSOUBOS TO ORDER
INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS**

Pursuant to Rule 220 of the Securities and Exchange Commission’s Rules of Practice, Respondent Dimitrios Koutsoubos, by his attorneys, answers the allegations contained in the Order Instituting Administrative and Cease-and-Desist Proceedings (“OIP”) dated September 10, 2012 as follows:

Preliminary Statement

Mr. Koutsoubos is 35 years old and has been employed in the securities industry for his entire adult life. Throughout his 13 year career in the securities industry, Mr. Koutsoubos has maintained a pristine disciplinary record and has never before been named as the subject of any SEC or SRO disciplinary proceeding nor named as a defendant in any arbitration proceeding. Indeed, when Mr. Koutsoubos left the employ of J.P. Turner after a decade, in August 2009, there was not a single customer complaint lodged against Mr. Koutsoubos.

The allegations of wrongdoing by Mr. Koutsoubos in the OIP are flatly wrong and his inclusion in this case improperly sullies his hard-fought pristine record in the securities industry. The OIP falsely alleges that Mr. Koutsoubos engaged in “churning” the accounts of two J.P. Turner customers throughout a two year period from January 1, 2008 and December 31, 2009 (defined as the “relevant period”). Yet, the OIP itself acknowledges that Mr. Koutsoubos left J.P. Turner in August 2009, over 5 months prior to the conclusion of his alleged wrongdoing. Mr. Koutsoubos had nothing whatsoever to do with either of these J.P. Turner accounts after August 2009 and thus cannot be liable for any trading activity that occurred in these accounts thereafter.

A claim of “churning” requires Enforcement to prove that (1) the trading in the account was excessive in light of the investor’s trading objectives, (2) the broker in question exercised control over the trading in the account and (3) that the broker acted with the intent to defraud or willful and reckless disregard for the investors’ interests. Enforcement will be unable to meet any of these three elements, much less all of them. The investors were each intelligent and affluent business owners and the trading in their respective accounts was consistent with their expressed investment objectives and financial capabilities.

One of the customer accounts belonged to TB, to a 47 year old building supply business owner. When TB opened his cash and margin accounts in February 2005, Mr. Koutsoubos was not the registered representative on the accounts. When Mr. Koutsoubos became the registered representative on the account and reviewed J.P. Turner’s records, he saw that TB’s account application reflected, among other things, TB’s annual income of over \$100,000 and his net worth of \$3 million. J.P. Turner’s records also included a

two page suitability supplement to the Margin Account Agreement which advised TB of the risks of margin trading, including among other things, that “margin trading involves a higher degree of risk than trading on a cash basis and is suitable only for risk tolerant investors.” TB signed the margin suitability supplement to indicate that he read and understood the document. After Mr. Koutsoubos was assigned as the registered representative of TB’s account, in March 2007, J.P. Turner sent to TB an account update form which TB signed and returned to the firm, where it was reviewed and approved by J.P. Turner’s compliance/supervisory staff. Mr. Koutsoubos was provided a copy of TB’s completed account update form which reflected that TB’s annual income was \$150,000, his estimated net worth was \$3 million, his investment objectives were trading profits, speculation and capital appreciation and that his risk tolerance was aggressive.

In May 2009, J.P. Turner’s compliance department sent TB an Active Account Suitability Supplement to make sure that TB understood active trading and that he was willing and financially able to take greater risks in using such a strategy. The Active Account Suitability Supplement advised TB in bold letters to “***PLEASE READ CAREFULLY***” and set out, among other important risks:

- **Active trading can involve a higher degree of risk, increased costs and is suitable only for risk tolerant investors.**
- **Active trading in the securities markets can involve a higher degree of risk and may not be suitable for all investors and accordingly, should be entered into only by investors who understanding the nature of the risk involved and are financially capable to sustain a loss of part or all of their capital.**
- **Due to the higher degree of activity, overall commissions on your account may tend to be greater than a buy and hold strategy.**
- **High-risk tolerance and investment objectives consistent with high-risk investing are appropriate to an active account. In addition, a customer who**

is frequently trading the market should not have short-term needs for the funds invested in an equity account.

TB signed the Active Account Suitability Supplement on May 8, 2009 indicating that he “read and understood the Active Account Suitability Agreement . . . [and was] aware of the liabilities which may be incurred through active trading” and returned his signed Supplement to the firm where it was reviewed and approved by Turner’s compliance/supervisory staff. At the same time, J.P. Turner’s compliance department also sent TB an Active Account Suitability Questionnaire which TB signed and dated May 8, 2009 and returned to the firm where it was reviewed and approved by Turner’s compliance/supervisory staff. Mr. Koutsoubos received a copy of TB’s Active Account Suitability Questionnaire which again reflected that TB’s investment objectives were trading profits, speculation and capital appreciation and that his risk tolerance was aggressive.

The other customer account that the OIP alleges was churned was a joint account held by BM and PM, a married couple of 61 and 58 years of age, respectively. In September 2007, J.P. Turner’s compliance department sent BM and PM an Active Account Suitability Supplement to make sure that they understood active trading and were willing and financially able to take greater risks in using such a strategy. BM and PM both signed and dated the Active Account Suitability Supplement on September 7, 2007 indicating that they had read and understood the Active Account Suitability Agreement and were aware of the liabilities which may be incurred through active trading and returned the signed Supplement to the firm where it was reviewed and approved by J.P. Turner’s compliance/supervisory staff. At the same time, J.P. Turner’s compliance department also sent BM and PM an Active Account Suitability

Questionnaire which they signed and dated on September 20, 2007 and returned to the firm where it too was reviewed by J.P. Turner's compliance/supervisory staff. Mr. Koutsoubos received a copy of the Questionnaire which reflected that BM and PM's investment objectives were trading profits, speculation and capital appreciation and that their risk tolerance was aggressive. Thereafter, in March 2009 – right in the middle of the trading period in question - J.P. Turner's compliance department sent BM and PM another Active Account Suitability Supplement which they each signed and dated March 20, 2009, indicating that they had read and understood the Supplement, and returned it to Turner. The completed and signed questionnaire was reviewed by J.P Turner's compliance/supervisory staff. Mr. Koutsoubos received a copy of the completed and signed Questionnaire which, consistent with these customers' September 2007 questionnaire, reflected that their investment objectives were trading profits, speculation and capital appreciation and that his risk tolerance was aggressive.

These investors received written confirmations of every transaction effected in their respective accounts as well as monthly statements which detailed their overall account performance. Mr. Koutsoubos was in close contact with each of these clients, speaking with them frequently about their respective investment strategies. At least annually, the firm's compliance/supervisory personnel spoke directly with these investors (away from Mr. Koutsoubos), were advised that the trading activity was consistent with their investment objectives and then notified Mr. Koutsoubos that the investors had so advised. At no time while Mr. Koutsoubos was the registered representative of these accounts did either customer ever complain to him or anyone else at J.P. Turner that any transaction in their account was inconsistent with their investment objectives.

The claim of “churning” by Mr. Koutsoubos in connection with the trading activities in these accounts is entirely groundless and should be dismissed.

Response to Allegations

1. Respondent lacks sufficient information upon which to admit or deny the allegations in paragraph 1 and therefore denies same.
2. Respondent lacks sufficient information upon which to admit or deny the allegations in paragraph 2 and therefore denies same.
3. Respondent lacks sufficient information upon which to admit or deny the allegations in paragraph 3 and therefore denies same.
4. Admit.
5. Admit that JP Turner is a broker-dealer based in Atlanta, Georgia. Respondent lacks sufficient information upon which to admit or deny the remaining allegations in paragraph 5 and therefore denies same,
6. Deny the allegations of this paragraph as they relate to Respondent Koutsoubos. Respondent lacks sufficient information to admit or deny the allegations in paragraph 6 as to other persons and therefore denies same.
7. Respondent lacks sufficient information upon which to admit or deny the allegations in paragraph 7 and therefore denies same. Footnote 1 to this paragraph is a statement of law which does not require an answer, however if an answer is required, Respondent denies the allegation contained in footnote 1 to the extent that, among other things, it is inconsistent with applicable law and regulation.

8. Respondent lacks sufficient information upon which to admit or deny the allegations in paragraph 8 and therefore denies same.
9. Respondent lacks sufficient information upon which to admit or deny the allegations in paragraph 9 and therefore denies same.
10. Respondent lacks sufficient information upon which to admit or deny the allegations in paragraph 10 and therefore denies same.
11. Deny.
12. Deny.
13. Deny the allegations of this paragraph as they relate to Respondent Koutsoubos. Respondent lacks sufficient information to admit or deny the allegations in paragraph 13 as to other persons and therefore denies same.
14. Respondent lacks sufficient information upon which to admit or deny the allegations in paragraph 14 and therefore denies same except to state that Admit that Respondent was supervised in the J.P. Turner Brooklyn branch office by the branch manager James Sideris and branch compliance officer John Williams, and was supervised in the Deerfield Beach, Florida office by Steven Doukas, the branch manager.
15. Respondent lacks sufficient information upon which to admit or deny the allegations in paragraph 15 and therefore denies same.
16. Respondent lacks sufficient information upon which to admit or deny the allegations in paragraph 16 and therefore denies same.
17. Respondent lacks sufficient information upon which to admit or deny the allegations in paragraph 17 and therefore denies same.

18. Respondent lacks sufficient information upon which to admit or deny the allegations in paragraph 18 and therefore denies same.
19. Respondent lacks sufficient information upon which to admit or deny the allegations in paragraph 19 and therefore denies same.
20. Respondent lacks sufficient information upon which to admit or deny the allegations in paragraph 20 and therefore denies same.
21. Admit the first sentence of paragraph 21 as relates to Respondent Koutsoubos except to state that his association with JB Turner ended in August 2009.
Respondent denies that Michael Bresner was his direct supervisor and lacks sufficient information to admit or deny the remaining allegations in paragraph 13 as to other persons and therefore denies same.
22. Respondent lacks sufficient information upon which to admit or deny the allegations in paragraph 22 and therefore denies same.
23. Deny the first, second, fourth and fifth sentences of paragraph 23. Respondent lacks sufficient information upon which to admit or deny the allegations in the third sentence and therefore denies same.
24. Deny the allegations of this paragraph as they relate to Respondent Koutsoubos.
Respondent lacks sufficient information to admit or deny the allegations in paragraph 24 as to other persons and therefore denies same.
25. Deny the allegations of this paragraph as they relate to Respondent Koutsoubos.
Respondent lacks sufficient information to admit or deny the allegations in paragraph 25 as to other persons and therefore denies same.

26. Deny the allegations of this paragraph as they relate to Respondent Koutsoubos.

Respondent lacks sufficient information to admit or deny the allegations in paragraph 26 as to other persons and therefore denies same.

27. Respondent lacks sufficient information to admit or deny the allegations in

paragraph 27 as to other persons and therefore denies same.

28. Paragraph 28 is a statement of law which does not require an answer, however if an answer is required, Respondent denies the allegation contained in this paragraph to the extent that, among other things, it is inconsistent with applicable law and regulation.

A– E. Respondent Koutsoubos denies that the relief requested is legally or factually warranted or appropriate.

Respondent Koutsoubos denies all other allegations of the OIP to the extent not otherwise admitted herein.

Affirmative Defenses

1. The allegations in the OIP as to Respondent Koutsoubos fail to state a claim upon which the Commission can take disciplinary action.
2. The allegations against Respondent Koutsoubos should be dismissed because the SEC failed to comply with Section 4E of the Securities Exchange Act of 1934, which requires that no later than 180 days after the date on which the Sec Staff provides a written Wells notification to any person, the SEC Staff must either file an action against a person or provide notice of intent not to file an action. The SEC staff issued its Wells notice to Mr. Koutsoubos on May 31, 2011. The OIP was not filed until September 10, 2012, 477 days later. The allegations against

Mr. Koutsoubos contained in the OIP are limited to the exact same violations based on the same trading activities of the same two customers during the exact same time period as the SEC Staff advised in connection with its May 31, 2011 Wells notice. As a matter of law, under the circumstances of this matter, the Director of the Division of Enforcement could not have made the required determination to extend either the initial 180 day deadline or any additional 180 deadlines.

3. The proceedings herein are barred by laches.

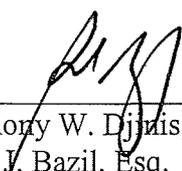
Conclusion

Respondent Koutsoubos respectfully requests the OIP be dismissed and that no sanctions based upon the violations herein be imposed upon him.

Dated: October 18, 2012

PICKARD AND DJINIS LLP

By: _____


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